

## Message Text

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ORIGIN EA-03

INFO OCT-01 ISO-00 /004 R

66604

DRAFTED BY EA/ROC:KJWEAVER:ARCK

APPROVED BY EA/ROC:BLEVIN

----- 120040

R 122315Z MAY 75

FM SECSTATE WASHDC

TO AMCONSUL AMSTERDAM

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PASS LESTER EDMOND

FOLLOWING SENT ACTION SECSTATE WASHDC INFO BANGKOK MANILA  
SEOUL FROM TAIPEI 12 MAY 75:

QUOTE LIMITED OFFICIAL USE TAIPEI 2596

E.O. 11652: N/A

TAGS: ETRD, TW

SUBJ: COTTON CONTRACT PROBLEM

REF: TAIPEI 2573

STATE PASS USDA FOR DUDLEY WILLIAMS

1. DURING WEEK-LONG DISCUSSIONS WITH BOARD OF FOREIGN  
TRADE (BOFT), WHICH CULMINATED IN MEMORANDUM OF  
UNDERSTANDING INITIATED BY LU AND STEPHENS ON MAY 10,  
STRONG EFFORTS WERE MADE BY USG REPS TO PERSUADE BOFT  
TO HAVE CARRYING CHARGES INCLUDED IN L/C'S IF THEY  
WERE NOT SPECIFIED IN THE CONTRACT. STEPHENS AND  
WILLIAMS ACCOMPANIED ENCON COUNS ON CALL ON Y.T. WANG  
(WANG I-TING) MAY 9 IN FINAL EFFORT. WANG FLATLY  
REFUSED AND IN INTERESTS OF OBTAINING SETTLEMENT OF  
COTTON CONTRACT PROBLEM WITHOUT FURTHER DELAYS, ISSUE  
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WAS DROPPED AND LANGUAGE CONTAINED IN PARA 6B(2) OF

MEMORANDUM WAS AGREED TO BY BOTH PARTIES.

2. POSITION OF USG REPS THAT INSISTENCE ON INCLUDING CARRYING CHARGES COULD JEOPARDIZE FINAL SETTLEMENT WAS ACCEPTED BY ACSA REPS ALTHOUGH, UNDERSTANDABLY", THEY ARE NOT SANGUINE ABOUT THE PROSPECT OF OBTAINING AGREEMENT FROM PURCHASERS TO INCLUDE CHARGES IN L/C'S, EVEN WITH CARROT OF CCC FINANCING.

3. IN LIKELY EVENT SHIPPERS HAVE TO ABSORB CARRYING CHARGES SOME OF THEM MIGHT BE TEMPTED TO CUT LOSSES BY SHIPPING COTTON INFERIOR IN QUALITY TO THAT SPECIFIED IN CONTRACT. THE EMBASSY URGES THAT ACSA BE URGED IN THE STRONGEST POSSIBLE TERMS TO INFORM ITS MEMBERS TO NOT SHIP SHY ON QUALITY. IF THIS OCCURS, THE EMBASSY WILL BE SWAMPED WITH COMPLAINTS FROM TAIWAN MILLS AND REQUESTS FOR ASSISTANCE IN RESOLVING PROBLEM WILL BE PERSISTENT AND DEMANDING. SHY SHIPMENTS, PARTICULARLY AMONG EARLY DELIVERIES, WOULD ALSO JEOPARDIZE LATER SHIPMENTS UNDER THE AGREED SOLUTION TO THE COTTON CONTRACT PROBLEM. POPPLE UNQUOTE INGERSOLL

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** COTTON, CREDIT, CONTRACTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 12 MAY 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** greeneet  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Film Number:** D750167-0627  
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**Handling Restrictions:** n/a  
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**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
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**Subject:** COTTON CONTRACT PROBLEM  
**TAGS:** ETRD, TW, KS, RP, TH  
**To:** AMSTERDAM  
**Type:** TE  
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